



Office of Risk Management (RKO)

MISSION

The mission of the Office of Risk Management (ORM) is to reduce the probability, occurrence and cost of risk to the District of Columbia government through the provision of risk identification and insurance analysis and support to District agencies, and by efficiently and fairly administering the District's public workers compensation and tort liability programs.

SUMMARY OF SERVICES

ORM's Risk Identification, Analysis and Control Division conducts risk management assessments of District agencies' facilities and operations by identifying gaps in risk management practices and conducting building inspections, making related recommendations and overseeing their implementation, providing risk management training to District employees, and overseeing the formulation of agency emergency response plans. The Public Sector Workers' Compensation Program receives workers' compensation claims from injured District government employees, adjusts and manages those claims through its Third Party Administrator, and provides compensation and services to claimants, including medical and return-to-work services. The Tort Liability Program receives and investigates claims against the District government with the goal of negotiating and preparing claims for fair and timely settlement. The Insurance Program oversees the District's Medical Liability Captive Insurance Agency, which provides medical malpractice insurance to non-profit community health centers, and also provides advice to District agencies on risk and insurance policies and practices.

ACCOMPLISHMENTS

- ✓ **Number of environmental and safety inspections/re-inspections at District Government buildings.**
In FY 2010, the Office of Risk Management's actual number of building inspections and re-inspections totaled 590. The target number for FY 11 was 615. ORM's year ending total for FY 11 was 619, which exceeded the target goal by 4 additional inspections/re-inspections. The successful completion of this goal improves the safety and health environment for District employees and protects the District from liability by bringing OSHA violations to agency management's attention.
Mayoral priorities does this accomplishment relates to: Fiscal Stability and Public Safety

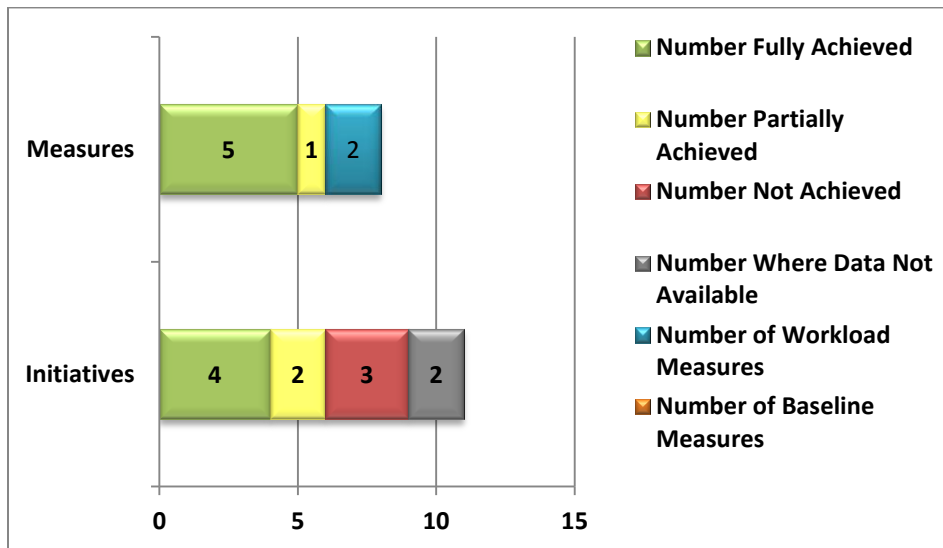
- ✓ **Total cost of Public Sector Workers' Compensation Program (includes settlements and adverse awards against PSWCP)**
The projected total cost goal for FY 10 was \$21.33 million. The PSWCP actually spent \$24.8 million in FY 10, missing the goal by \$3.47 million dollars. The target goal for FY 11 was \$21.5 million. The program actually spent \$ 22,146, 256.55, missing the goal by only \$646,256.33. As a result of the reduction of costs between FY 10 and 11, the program has saved the District \$2,653,743.40 in total costs. The reduction of costs was due to improved claims handling and closure of old claims for FY 11. ORM's Third Party Administrator also addressed the oversight of medical providers by updating its list of panel physicians to ensure employees receive excellent care designed to get them healthy and returned to work. **Mayoral priorities does this accomplishment relate to: Fiscal Stability and Public Safety**

- ✓ **Minimum insurance requirements.**
In conjunction with the Office of Contracting and Procurement, ORM developed a process to ensure the inclusion of minimum insurance requirements in procurement solicitations and contracts in FY 10. ORM also assisted with reviewing Certificates of Insurance provided by vendors for the pre-approved



insurance clauses and minimum coverage limits. The FY11 goal was to review 100% of District Government contracts over \$100,000; however, the review process was manual and could not assure that all contracts were being reviewed as required. As a result, ORM requested access to OCP's PASS procurement system to require ORM's review of every contract entered into the system. On August 15, 2011, ORM was put into the PASS approval flow. With this authorization, ORM automatically receives requests for all contracts over \$100,000. For FY 12, ORM will be able to report 100% vendor compliance with the District's minimal insurance requirements, which will protect the District against risk exposure in contracts. **Mayoral priorities does this accomplishment relates to: Fiscal Stability**

OVERVIEW OF AGENCY PERFORMANCE





Performance Initiatives – Assessment Details

Performance Assessment Key:

-  Fully achieved  Partially achieved  Not achieved  Data not reported

Agency Management

OBJECTIVE 1: Reduce the level and cost of risk to the District government by increasing occupational safety.

- **INITIATIVE 1.1: Increase public occupational safety and health awareness District-wide by training 10% of District government employees in basic OSHA skills.**

Response:

Educating and training employees on how to prevent common work place accidents helps to provide fiscal stability to the District. Fewer accidents means fewer Public Sector Workers' Compensation claims, which can be costly due to the medical indemnity benefits paid to injured employee to get them back to work.

Working in partnership with the Department of Human Resources, Department of Corrections, Department of Public Works, Department of Real Estate Services, Department of Mental Health and Department of Youth Rehabilitation Services, the Office of Risk Management successfully provided Occupational Safety and Health Awareness (OSHA) training to 7,324 District Government employees, thus achieving the goal. The online training made it easy for employees to access it from any computer and to take training at their own leisure. Goal: Fully achieved.

- **INITIATIVE 1.2: Increase building safety by implementing Phase II of the Remedy system.**

Response:

Phase II of the Remedy database project was postponed due to lack of funding. However, system maintenance and updates continue. ORM will work with DRES to fund this project in FY12. Goal: Not achieved.

- **INITIATIVE 1.3: Reduce District government agency risk exposure by providing agencies with quarterly risk analyses.**

Response:

In FY11, ORM successfully provided each Mayoral agency with trend analysis of the top ten causes of all Public Sector Workers' Compensation claims and tort incidents. The desired impact of making each agency aware of the most common occurrences that increase exposure to workplace injuries helps to reduce long term medical costs and time out of work due to injuries as well. ORM completed and delivered reports to the agencies on a quarterly basis and recommended preventative measures to reduce the incidence and cost of injuries and other risks. Goal: Fully achieved.

- **INITIATIVE 1.4: Assist 100% of District government agencies with creating emergency**



response plans (ERPs).

Response:

In FY11, only 75% of the agencies submitted an ERP to ORM for approval, falling short of the 100% goal. ORM will continue to assist agencies with the creation of Emergency Response Plans. The goal is to have 100 % of agencies submit an ERP for approval to ORM in FY 12. Goal: Partially achieved.

OBJECTIVE 2: Reduce Public Sector Workers' Compensation Program costs.

INITIATIVE 2.1: Reduce the average number of days on workers compensation. Response:

In FY 11, ORM made progress reforming the Public Sector Workers' Compensation Program in each of these areas and the average number of days spent on workers' compensation for claims opened in FY 11 was 60.12; however, ORM encountered difficulty measuring the same information for its historic population due to lack of documentation (see KPI data). In FY 12, ORM will use an improved measure for the historic population to capture this information. Goal: Not able to measure



INITIATIVE 2.2: Increase participation in the return-to-work (RTW) program.

Response:

In FY 2011, 557 employees' participated in the return to work program. In FY 10, 556 employees participated. During FY 11, the Chief Risk Officer initiated meetings with agency heads to launch the Return-To-Work Initiative and encourage agencies to bring injured employees back to work in a modified duty capacity.

The program has also identified employees who are eligible to return to work with restrictions. This data is used during a weekly meeting of the PSWCP staff to discuss strategies and develop an action plan to successfully return the employees to work in some capacity either within the DC Government or in the private sector using the vocational rehabilitation program. Goal: Not achieved



INITIATIVE 2.3: Enhance anti-fraud efforts.

Response:

The first step of the Fraud Initiative began with the development of an anti-fraud brochure, as well as a guide to the Public Sector Workers' Compensation Program (PSWCP) on ORM's website. In addition, the PSWCP program developed and implemented investigative protocol for Claims Examiners to follow at the onset of the claim to identify any potential signs of fraud.

ORM's Third Party Administrator enhanced its oversight of medical providers by updating its list of panel physicians to ensure employees receive excellent care designed to get them healthy and return them to work. The impact of those efforts will be to improve accountability and oversight of the PSWCP and ultimately increase financial stability of the District. Goal: Partially achieved.

OBJECTIVE 3: Reduce the number of lawsuits against the District government.



Initiative 3.1: Increase the percentage of tort claims received by ORM that are settled.

Response:

While ORM is able to measure its torts claims received to closed ratio (see KPI's) it did not have



baseline data available to measure whether there was an increase in the percentage of claims settled in FY 11.

In FY 11, preliminary numbers suggest that approximately 566 (26%) of FY09 claims were settled, 381(17%) of FY 10 claims were settled and 427 (26%) of FY 11 claims were settled. ORM will use these numbers as a baseline for increasing the number and percentage of claims settled in FY 12. Goal: Not able to measure.

OBJECTIVE 4: Recover money owed to the District as a result of tortious acts by third parties.

● **INITIATIVE 4.1: Launch city-wide subrogation initiative.**

Response:

Although ORM continued to educate DC agencies and Agency Risk Management Representatives (ARMR's) about subrogation, it did not meet this goal in FY 11 and collected only \$31, 890.30 in tort subrogation revenue. ORM will renew its efforts, using enhanced resources, in FY 12. Goal: Not achieved.

OBJECTIVE 5: Reduce the District's exposure through the effective use of insurance.

● **INITIATIVE 5.1: Review District government contracts and solicitations to ensure that they include adequate insurance.**

Response:

In FY 11, ORM reviewed 199 contracts, valued in excess of \$100,000. The goal was to review 100% of all contracts over \$100,000; however the review process was manual and could not ensure that all contracts were being reviewed by ORM. As a result, ORM requested an enhancement to OCP's PASS procurement system to require ORM's review of every contract valued in excess of \$100,000 entered into the system. On August 15, 2011, ORM was put into the PASS approval flow. With this authorization, ORM automatically receives requests to review contracts over \$100,000 and either approves or denies the contract based on review of supporting documentation loaded into PASS. For FY 12, ORM will be able to review and report on 100% of contracts and vendor compliance with the District's minimal insurance requirements, which will protect the District against risk exposure in contracts. Goal: Partially achieved.

● **INITIATIVE 5.2: Provide insurance and risk management advice to District government agencies.**

Response:

In FY 11, ORM trained and advised 39 individuals and agencies on insurance and contractual risk management. On November 5, 2010, ORM trained 19 OCP contract specialists who work with 11 agencies on OCP's procurement policy. Other individuals have been trained on a one-on-one basis. ORM's Director also met with 22 District government agency directors and staff to review agency risk factors and to provide advice on preventing and managing risk. Goal: Fully achieved



Key Performance Indicators – Details

Performance Assessment Key:

● Fully achieved
 ● Partially achieved
 ● Not achieved
 ● Data not reported

		Measure Name	FY2010 YE Actual	FY2011 YE Target	FY2011 YE Revised Target	FY2011 YE Actual	FY2011 YE Rating	Budget Program
●	1.1	Number of environmental and safety inspections/re-inspections at District Government buildings	590	615		619	100.65%	RISK IDENTIFICATION & ANALYSIS
●	1.2	Reduce the number of "How Am I Driving?" 311 complaint calls (percent decrease and number of complaints)	17	15		2.93%	512.36%	RISK IDENTIFICATION & ANALYSIS
●	2.1	Total cost of Public Sector Workers' Compensation Program (these amounts include settlements and adverse awards against PSWCP)	\$248,00,000	\$215,00,000		\$22,146,256.55	97.08%	RISK CONTROL DIVISION
●	2.2	Average number of days (FY11 Claims)	180	175				RISK FINANCING DIVISION
●	2.3	Average cost per injury	\$11 566	\$10 741		\$10,490.88	102.38%	RISK FINANCING DIVISION
●	2.4	Percentage of agencies participating in the return to work and/or District-wide Intranet alternative work job despository	50%	100%		210.53%	210.53%	RISK FINANCING DIVISION



		Measure Name	FY2010 YE Actual	FY2011 YE Target	FY2011 YE Revised Target	FY2011 YE Actual	FY2011 YE Rating	Budget Program
●	3.1	Tort claims received to closed ratio	61%	70%		7662.50%	10946.43%	RISK CONTROL DIVISION
●	5.1	Percentage of District Government vendors in compliance with ORM minium insurance requirements	0	100%				RISK IDENTIFICATION & ANALYSIS